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does not imply that it is not within the reach of the producers of these metals. It is to the credit of the copper producers that they have presented an almost unified front to the problem of export trade and have an organization authorized by recent legislation to solve it. The copper producers have been quick to see their predicament and to take the best procedure to remedy it.

The lead and zinc producers have already become timorous and are beginning to clamor for a higher protective tariff. This does not augur well for the ability of either of these industries to enter the international market. Raising the tariff on imports will probably provoke retaliatory measures on the part of Europe and make it more difficult to compete. The grad-

ual awakening of the zinc industry, the internal coöperation of the domestic zinc producers through the medium of their own organization, the American Zinc Institute, in an effort to compare and lower costs, will do much to help the industry in both local and foreign markets. But underneath all efforts to establish export trade stand the general economic conditions which hamper its development.

For the non-ferrous metal trade the lack of exports at any time will not be a calamity, for, viewed from the standpoint of conservation of America's mineral resources, our irreplaceable deposits of copper, lead, zinc and other metals will be conserved for posterity. In the meantime domestic wants can be adequately supplied.

Mexico as a Field for American Trade Expansion

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IT seems very probable that Mexico has emerged from the long period of social and political readjustment through which it has been passing since the Diaz régime. The decade since the dictatorship has brought many changes that on the whole are favorable. Mining, manufacturing and commerce have increased; the peons have been given greater liberty and opportunity; and latent strengths and weaknesses of the democracy have been brought to light. Undoubtedly there is now a more democratic Mexico, a more practical Mexico and a Mexico of more immediate potential power than at the beginning of the revolutionary difficulties.

It would appear that the elements of continued discord have finally been pacified and, what is most important, voluntarily so. Observers state that all are thoroughly weary of disorder and turmoil and are anxious to follow capable leadership. Every indication is to the effect that such leadership has been found. The period of the provisional presidency has passed without unfavorable developments. The newly inaugurated president is a person of strong personality and executive ability and appears to have the confidence of the republic and of foreign nations. Accordingly, there seems little reason to doubt that Mexico is now entering upon a period of enjoy-

ment of peace and of the economic benefits derived from its internal social reorganization. Mining companies, banks, exporters, manufacturers and others are laying their plans upon the supposition that this is true. Commercial travelers are crossing the border in ever increasing numbers; delegations representing chambers of commerce of various cities of United States are touring the country; transportation service is being renewed or increased; and mines, branch banks and other foreign enterprises are being reopened or initiated.

If, as appearances indicate, Mexico has entered upon a peaceful period of economic development it offers a field for American trade expansion that is perhaps the most favorable in the world. There are several reasons for this: (1) Mexico is not passing through a financial crisis such as is found in many of the countries of the world¹; moreover, the exchange between Mexico and United States is not unfavorable to Mexican purchases, whereas it is very difficult for most countries to buy in the United States; (2) the proximity of Mexico is an advantage and (3) the wants of Mexico are varied, and the market is therefore attractive to almost all classes of exporters.

A critical financial situation is faced by many countries considered by American exporters as possible fields for trade expansion. There have been failures of mercantile houses and banks and, in certain countries, notably Cuba, it has been necessary to establish a moratorium. The causes of these conditions are: the declining prices of export commodities, thus indicating previous over-speculation and decreas-

¹ During December and January a crisis amounting almost to a panic swept over Mexico, resulting in the closure of several banks and a decrease in orders. However, this condition appears temporary and not as serious as in other countries.

ing the purchasing power of the people; the decline in prices of import commodities, embarrassing merchants who contracted for goods at high price levels; failure of the countries to secure foreign loans; and unfavorable exchange conditions. But, in the case of Mexico, there was no extensive speculation and there was not the same degree of dependence upon a few export commodities so that the worldwide slump has not been felt so severely, though hundreds of mines have closed and other industries have accepted decreased profits. Nor had the merchants of Mexico contracted for such large quantities of goods as those of many other countries, and therefore the price recessions did not affect them so seriously or lead to such widespread cancellations of orders. Furthermore, Mexican exchange has been stable and consequently it is relatively easy to make foreign purchases. If its condition is contrasted with that of Argentina, where the peso is at a discount of 33 per cent on the dollar, it is seen that the American commercial traveler will have considerably less difficulty in making sales in Mexico.

Mexico has been likened to a cornucopia whose concave side faces the Gulf coast of the United States and whose mouth borders the United States for over 1,800 miles. In spite of the desert that in part intervenes, the natural lines of trade of Mexico are with the United States. Railroads cross the border at several points. The distance across the Gulf between Vera Cruz and Galveston or New Orleans is easily covered by a freight steamer in four to five days. This decreases the packing problem in the minds of the American exporter; in fact to judge by results he loses his apprehension so far as to become inexcusably careless. Representatives can be sent quickly and cheaply to guard the exporter's

interest. Communication is rapid and there is little loss through delayed or garbled cables. Misunderstandings over quotations, orders and deliveries do not easily occur, or if they do occur, they can be quickly adjusted. All of these factors make the Mexican market very accessible and attractive to exporters and especially to that large group which knows but little of practical exporting.

Another feature that renders Mexico of interest to almost every class of manufacturer and exporting house is its demand for goods of all descriptions. It is a land of torrid heat and biting cold; of dripping rain and sun-swept sand; of forest and grassy plain; of mines, plantations, grazing lands, lumber camps, fisheries and manufactures; of untamed Indians and cultured rich. In it are represented all contrasts; and, since it is a nation with an area of 767,000 square miles and a population of 15,000,000 inhabitants, its demands are great.

Complete statistics covering Mexico's trade have not been published since 1913, and the accuracy of the summaries appearing since that time is open to question. According to the official statement, however, Mexico's imports in 1918 totaled 164,470,035 pesos, the United States contributing 86 per cent. During the first ten months of this year, the United States exported goods to Mexico to the value of about \$152,000,000. Prominent among the exports to Mexico from the United States are foodstuffs, such as lard, milk, flour and sugar; textiles; iron and steel and manufactures thereof; lumber; petroleum products; coal; agricultural and mining machinery; automobiles. The country's needs during the next few years for these and other products will be greatly increased. Its railroads and highways must be rehabilitated; new construction work of

all kinds is being inaugurated; the mines and oil wells will require machinery and tools; plantations and farms will require agricultural machinery, pumps and engines; and the market for foodstuffs, wearing apparel, toilet articles and other goods will increase with peace and consequent prosperity.

In doing business with Mexico, however, American exporters may encounter a few obstacles which, it is believed, are mostly temporary and will disappear with the gradual development of the country and the realization of the plans of the new administration. Among the chief hindrances to the development of business with Mexico may be mentioned the lack of banking facilities, the credit situation, the need of loans for the reconstruction of highways, railroads, telegraphs, et cetera; possible legislation affecting trade; and the development of manufacturing in Mexico that would compete with imported products.

For several years the banking institutions in Mexico have been in a more or less disorganized condition, and until recently few banks have been able to continue business except in the City of Mexico. During the revolutionary period the banks, fearing raids and robbery, were obliged to send the larger part of their capital and deposits out of the country. For this reason exorbitant rates of interest had to be charged on the small amount of money retained. Under the old laws in Mexico, three distinct classes of banking institutions were created: the mortgage banks, banks of issue, and banks of promotion. The two mortgage or loan banks have been able to continue doing business, but are under government supervision. The banks of issue which were required by law to have a certain amount of reserves and, failing to comply, were taken over by the government are not now operating. Except for a few

private concerns, which handle drafts and do some banking throughout the republic, the only important institutions are foreign banks established in Mexico City. During the last few months, however, banking operations have been resumed or inaugurated. Favorable banking legislation has been introduced into the Mexican Congress, and it is felt, therefore, that the country will soon have an excellent banking system.

The American exporter has been rather skeptical, and perhaps unnecessarily so, about Mexican credits. He has made his competition with European merchants more difficult by demanding cash with order, sight drafts against documents in New York, draft against documents upon arrival of shipment at border, or other exacting terms. While Mexican banking facilities have not been so good as could be desired, long established and well-known houses have earned, and should be given, as much consideration as those of any other country. The financial responsibility of these houses can be verified through reliable credit agencies, the American Chamber of Commerce in Mexico, and American banks in Mexico City. When the European exporter is willing to give from four to six months' credit to houses of known reliability, it would appear that the American's demand for cash with order is unwarranted, and in fact, many Mexicans have called it insulting. The agent or representative of the American house in Mexico should be given the right to use his judgment in granting credit in accordance with the custom of competitors.

One of the greatest requirements of the new régime in the reconstruction of the country is adequate financial assistance. In natural resources Mexico is probably one of the richest countries of all Latin America; moreover,

the development of its resources is well advanced. The silver and gold mines have been worked for centuries; antimony, copper, lead, iron, coal and other minerals have been found and exploited. The production of petroleum is second only to that of the United States, and its possibilities can only be surmised. The forests of hardwoods in the south of the republic have scarcely been touched, and Mexico's varied climate and rich soil allow for greater agricultural development. Grains, legumes, cotton, tobacco, sugar, potatoes, coffee and cacao are now grown in large quantities, and fruits and vegetables are produced in sufficient amounts to supply the country. The revenue received by the government is now more than it has ever been, and it is believed that with a stable financial policy, interest charges on the foreign debt can be more than met.

Perhaps the most pressing problem of the country is the repair of roadbeds and the replacement of railroad equipment. Little economic progress can be made until the railroad situation is improved. Some equipment has already been delivered, and some repair and new construction work has been started, but large sums must be advanced to and expended by the government before any appreciable improvement is made.

With each successive administration in Mexico, new laws are projected and put into operation, and the late President Carranza promulgated an entirely new constitution which became effective May 1, 1917. On December 1, 1920, President Obregon took the oath of office, and it is to be expected that he will continue the custom of his predecessors of issuing decrees and enacting new laws. Former Provisional President de la Huerta had extraordinary powers permitting him to issue

decrees at pleasure, and considerable legislation was put in force through the use of these powers during his administration. New educational, agrarian, banking, mining, petroleum and tariff laws have been passed or are in process of legislation, and these developments should be closely watched by Americans in order that they may keep informed as to what legislation may interfere with or expedite the flow of business. Protective tariff legislation in particular is of the greatest interest to the American exporter.

At the present moment labor in Mexico is rather unsettled, but it is comparatively cheap, and the number of articles that can be manufactured in Mexico in competition with American products is very great. The United States can not compete with the native manufactures of such articles as the cheaper grades of textiles. The large variety of fruits and vegetables raised in Mexico will permit the establish-

ment of more important canning industries. There are now saddle and leather manufactures; sugar refineries; tobacco factories; factories for making soap, gold and silver ornaments, soft drinks, wearing apparel and numerous other things of less importance. As these industries increase in output so that the home markets can be conveniently supplied, import tariffs will be established to prevent foreign competition. Such legislation may inconvenience individual exporters, but it is difficult to conceive of any legislation or other obstacle that can prevent increase in exports from the United States to Mexico. Between 1909 and 1919 the value of exports increased from \$49,793,323 to \$131,455,101 or 160 per cent, in spite of revolutions, the world war, and other unfavorable factors. It is safe to predict that during the next decade the increase will be much larger, in spite of declining valuations of declared exports.

The Present Outlook for United States' Trade with Germany

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TRADER does not develop naturally between two countries technically in a state of war. The War Trade Board ruling 814 was amended on July 8, 1920, so as to allow "all persons in the United States on or after July 8, 1920, to trade and communicate with all persons with whom trade and communication are prohibited by the Trading with the Enemy Act," but the legal status of contracts between American and German citizens and the degree of protection which their property would enjoy are subject to much uncertainty.

Germany, from her side, has in

many ways facilitated American business. No forced liquidation of American firms has taken place during the war, and the law of April 21, 1920, provides for the reinstatement of foreign patents and announces that the period from August 1, 1914, to July 31, 1919, will not be counted as part of the legal duration. The fact that through our failure to ratify the Treaty of Versailles we forfeited the benefits assured under §297, with the result that American firms in Germany are now subject to the payment of the *Reichsnotopfer*, is embarrassing to those firms, but does not seriously interfere